

July 16, 2002



Mr. Wayne Hedberg
Permit Supervisor
Division of Oil, Gas & Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

**Re: Return of Notice of Intention GoldTerra, Inc.,
Blue Castle Mine M/015/077 Emery County, Utah**

Dear Mr. Hedberg:

In reference to your letter of June 17, 2002, GoldTerra would like to clarify its intentions on the NOI for the Blue Castle Mine Large Mining Operation. Although we had intended to be in full operation by this time, sampling and testing details have taken a great deal more time than anticipated. At this time, it appears that we are still approximately 6 months from full scale mining.

As we discussed in our letter of September 11, 2001, GoldTerra would prefer to wait until the B.L.M. has completed its review and approval before issuing the reclamation surety. This would allow for B.L.M. input on the final amount and may eliminate the need to obtain a revised bond if it were changed. It should also be noted that GoldTerra has not requested any indefinite hold on the B.L.M. review - it was our assumption the review was continuing.

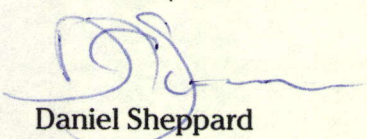
I would also like to note that GoldTerra has paid the Permit Fees for 2002 - 2003 Fiscal Year as required by the Minerals Regulatory Program schedule sent out on June 27, 2002.

In summary, GoldTerra is requesting the tentative approval for the Blue Castle Mine be left in place for an additional 6 months (January 15, 2003). This should allow time for completion of our sampling and testing, as well as completion of the B.L.M. review.

I hope this proposal will meet with your approval. If you have any questions, or need additional information, please let me know.

Sincerely,

GoldTerra, Inc.



Daniel Sheppard
President

cc: Blackhawk Engineering, Inc.

cc: Dean Neffler, B.L.M.

File: GTDOGM071702

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